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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Y 92-2247

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-19031

SARGENT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE — 76-0323500

(State or other jurisdiction of incorporation or organization) — (I.R.S. Employer Identification No.)

2472 EAST ROAD, 8 NORTH
MONTE VISTA, COLORADO — 81144

(Address of principal executive offices) — Code

Registrants telephone number, including area code (719) 852-3564

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable dates.

Title of Each Class	Outstanding at January 31, 1992
Common Stock, $.001 par value	11,707,500

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
BALANCE SHEETS

ASSETS

	January 31, 1992 (Unaudited)	July 31, 1991 (Audited)
CURRENT ASSETS		
Cash	$ 56,067	$ 7,810
Accounts Receivable	862,553	67,618
Inventories	960,879	1,349,315
Prepaid Expenses and Advances	70,283	67,759
Total Current Assets	1,949,782	1,492,502
PROPERTY, PLANT AND EQUIPMENT-NET	6,175,781	6,110,965
OTHER ASSETS	244,953	178,469
TOTAL ASSETS	$ 8,370,516	$ 7,781,936
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable - Trade	$ 285,680	$ 209,418
Notes Payable	125,950	77,250
Note Payable - Chairman of Board and Major Stockholder	176,627	180,000
Accrued Expenses	432,028	445,280
Current Portion of Long-Term Debt	-	829,561
Due to Related Parties	1,085,606	1,369,024
Total Current Liabilities	2,105,891	3,110,533
LONG-TERM DEBT		
Long-Term Debt, Less Current Portion	1,741,404	712,766
TOTAL LIABILITIES	3,847,295	3,823,299
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY:		
Common Stock, $.001 Par Value, 50,000,000 Shares Authorized, 11,707,500 Shares Issued and Outstanding (A 1 for 4 Reverse Stock Split - April 29, 1991)	11,707	11,707
Additional Paid-In Capital	4,960,731	4,960,731
Retained Earnings (Deficit)	(449,217)	(1,013,801)
Total Stockholders' Equity	4,523,221	3,958,637
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,370,516	$ 7,781,936

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
STATEMENTS OF INCOME (LOSS)
FOR THE SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

	FOR THE THREE MONTHS ENDED JANUARY 31,		FOR THE SIX MONTHS ENDED JANUARY 31,	
	1992	1991	1992	1991
REVENUE	$2,323,192	$2,602,508	$3,408,584	$3,690,027
COST OF REVENUE	1,508,941	2,103,480	2,070,805	2,852,413
GROSS PROFIT	814,251	499,028	1,337,779	837,614
OPERATING EXPENSES:				
General and Administrative Expenses	467,871	253,675	746,617	413,353
Depreciation and Amortization Expense	15,287	137,261	26,584	155,448
OPERATING EXPENSES	483,158	390,936	773,201	568,801
INCOME FROM OPERATIONS	331,093	108,092	564,578	268,813
OTHER INCOME(EXPENSE):				
Interest Income	1	-	1	16
Interest Expense	(20,539)	(53,260)	(40,393)	(83,260)
OTHER INCOME (EXPENSES)	(20,538)	(53,260)	(40,392)	(83,244)
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	310,555	54,832	524,186	185,569
INCOME TAXES	175,481	28,900	241,981	63,100
INCOME BEFORE EXTRAORDINARY ITEM	135,074	25,932	282,205	122,469
EXTRAORDINARY ITEM:				
TAX BENEFIT OF NET OPERATING LOSS CARRYOVER	(175,481)	28,900	(241,981)	(63,100)
NET INCOME	$ 310,555	$ 54,832	$ 524,186	$ 185,569
NET INCOME (LOSS) PER SHARE:				
INCOME BEFORE EXTRAORDINARY ITEM	$ .01	$ .00	$ .02	$ .01
EXTRAORDINARY ITEM	(.02)	(.00)	(.02)	(.00)
NET INCOME (LOSS)	$ .02	$ .00	$ .04	$ .01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (1 FOR 4 REVERSE APRIL 29, 1991)	11,707,500	11,707,500	11,707,500	11,707,500

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31,

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 2,613,649	$ 2,789,388
Cash Paid to Employees, Suppliers and Subcontractors	(2,718,402)	(2,699,657)
Interest Received	1	16
Interest Paid	(40,393)	(83,260)
Net Cash Provided (Used) by Operating Activities	(145,145)	6,487
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Borrowings	239,475	278,431
Principal Payments on Notes Payable	(22,637)	(180,000)
Proceeds from Notes Payable	67,964	-
Net Cash Provided (Used) by Financing Activities	284,802	98,431
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Property, Plant and Equipment	-	65,564
Purchase of Property, Plant and Equipment-Net	(91,400)	-
Net Cash Provided (Used) by Investing Activities	(91,400)	65,564
NET INCREASE (DECREASE) IN CASH	48,257	170,482
CASH AT BEGINNING OF PERIOD	7,810	3,232
CASH AT END OF PERIOD	$ 56,067	$ 173,714
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$ 524,186	$ 185,569
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	26,584	23,971
(Increase) Decrease in Accounts Receivable	(794,935)	(900,639)
(Increase) Decrease in Inventory	388,436	-
(Increase) Decrease in Prepaid Expenses	(2,524)	(493)
(Increase) Decrease in Other Assets	(66,484)	(8,348)
Increase (Decrease) in Accounts Payable	76,262	676,309
Increase (Decrease) in Accrued Expenses	(13,252)	30,118
Increase (Decrease) in Related Party	(283,418)	-
Net Cash Provided (Used) by Operating Activities	$ (145,145)	$ 6,487

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 1992

BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10Q and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to financial statements included in the Company's Annual Report on Form 10-K for the year ended July 31, 1991. In the opinion of Management, all adjustments considered necessary for a fair presentation have been included. Operating results for the six month period ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ending July 31, 1992.

PART I

Item 2 - Managements Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources. At January 31, 1992, the ratio of current assets to current liabilities was .93 to 1.00, compared with .48 to 1.00 at July 31, 1991. The inventory increase from July 31, 1991 to January 31, 1992 reflects the costs relating to the growing crops. Net cash provided by operations is the Company's major source of capital. The Company anticipates that in future years additional cash flows from operations will be provided by the Company's farming activities. The Company further anticipates that the majority of the potatoes sold will be provided by the Company's farming activities instead of being purchased from outside farmers. Cash flows from financing activities included proceeds from borrowings and debt reduction. The ratio of debt to total equity was .69 to 1 at January 31, 1992 and .97 to 1.00 at July 31, 1991.

The primary internal source of liquidity is cash receipts from the sale of potatoes in the ordinary course of business. The majority of the sales take place from harvest time, which begins in September, until the end of May. During the remainder of the year, external sources are used to meet the current operating cash needs of the Company, primarily the short term bank borrowings. This currently is a $250,000 short-term line of credit with the First National Bank of Alamosa (Colorado) at their prime rate plus two percent. It is personally guaranteed by the major stockholder and further secured by his assets. As of January 31, 1992, the outstanding balance of this loan was $125,950. Normally, the Company borrows under this line of credit during the summer to fund warehouse operations and curtails it once the majority of harvest sales have occurred. This year, however, the curtail has been delayed due to the pending private placement of $9,300,000 of convertible preferred stock. There can be no assurance that the Company will be successful in this attempt to raise these funds. The only unused source of liquidity for the Company would be additional borrowings secured by unencumbered assets or sale of Company assets, neither of which would have been feasible during the past three fiscal years. Major stockholders have informed the Company that they can no longer be counted on for loans or guarantees for other borrowings.

Liquidity for the next six months is expected to be provided by the collection of accounts receivable from current potato crop sales and from sales of the new crop which began in October, 1991.

The Company expects to expend approximately $1,200,000 during the next twelve months for improvements to the combination warehouse and office facility. An additional $4,400,000 is expected to be spent on farm land and farming equipment when the Private Placement is completed.

Analysis of Operations. Revenue for the six months ended January 31, 1992 remained consistent, while earnings actually increased. Net income for the six months was $524,186, or $.02 per weighted average share outstanding. The gross profit margin for the period was 39%, a substantial increase over 23% for the prior fiscal year. The increase in general and administrative expenses is attributable to prorata increases in salary and benefits and other operating expenses based upon the volume of revenue. The Company now has the ability to grow approximately one half of the potatoes it sells. The cash flow to support the farming operation is expected to be generated from the reduction in prices previously paid to farmers for their potatoes.

Revenues are generated from the sales of potatoes, and the costs of sales are the costs related to the purchase and preparation of the potatoes for shipping. The primary changes in these numbers are derived from the fluctuation in the price and quantity of potatoes handled.

The Company subscribes to several national newsletters and reporting services to assist management in its assessment in determining the direction of the market. Such things as crop holdings, weather, processing contracts, and crop failures in other areas directly effect the Company's management decisions.

To date the Company has not paid a dividend and does not anticipate paying a dividend in the foreseeable future.

Payroll and Benefit cost. The total cost of payroll and benefits was $480,514, which included $34,148 in social security taxes. Payroll cost was 21% of sales, remaining consistent with the fiscal period ended July 31, 1991.

PART II

OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SARGENT, INC.

Date: MARCH 10, 1992

FRANK A. CLARK,
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

(FRANK A. CLARK) PRINCIPAL FINANCIAL OFFICER MARCH 10, 1992

(FRANK A. CLARK) CHIEF ACCOUNTING OFFICER MARCH 10, 1992

(FRANK A. CLARK) DULY AUTHORIZED OFFICER MARCH 10, 1992